Mayor Muriel Bowser
City Administrator Rashad M. Young

QPA STAT

OCFO • OCP • OCTO • DGS • DHCF • CFSA • OSSE

Problem / Objective / Key Questions

Problem:

- Limited transparency into District-wide end to end invoice tracking and reporting data

- Manual tracking; potential payment delays; diverse processes
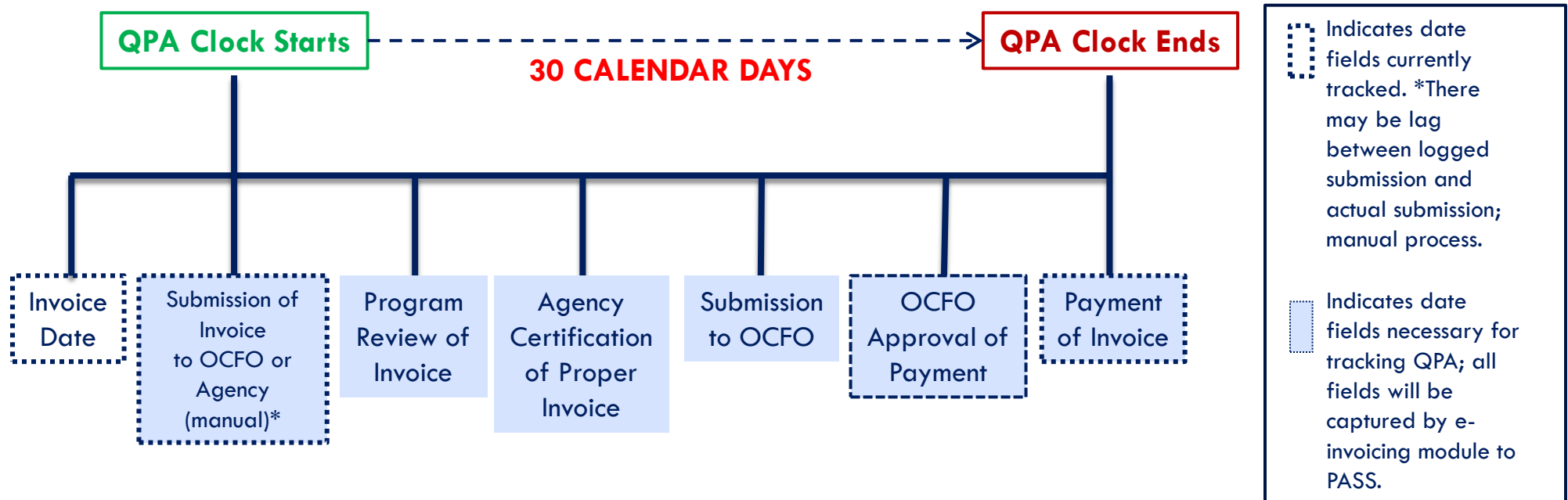
Objective:

- Identify and enact a plan for all Executive agencies to track and report on Quick Payment Act compliance
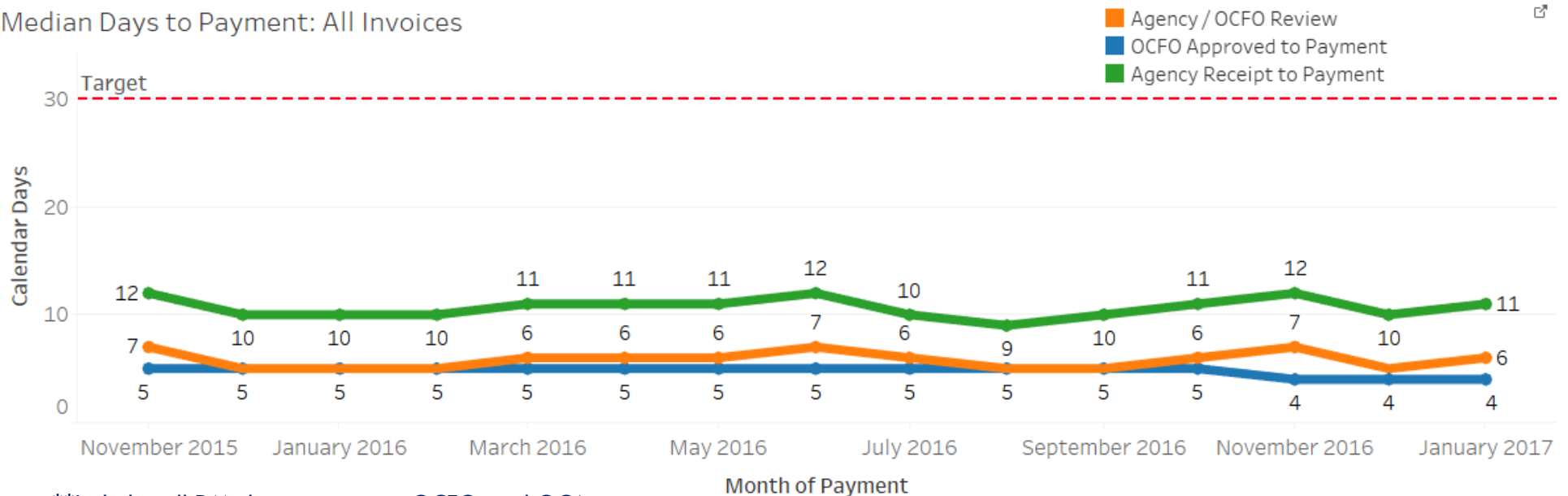
Key Questions:

- What is the Quick Payment Act?*

- What is the vendor payment process?

- What does the QPA data tell us?

- What is the enterprise wide solution?

*See appendix for additional information on the Quick Payment Act

Payment Process

QPA Clock Starts ---- 30 CALENDAR DAYS ----> QPA Clock Ends

Invoice Date | Submission of Invoice to OCFO or Agency (manual)* | Program Review of Invoice | Agency Certification of Proper Invoice | Submission to OCFO | OCFO Approval of Payment | Payment of Invoice

Indicates date fields currently tracked. *There may be lag between logged submission and actual submission; manual process.

Indicates date fields necessary for tracking QPA; all fields will be captured by e-invoicing module to PASS.

Median Days to Payment: All Invoices

Legend:
- Agency / OCFO Review
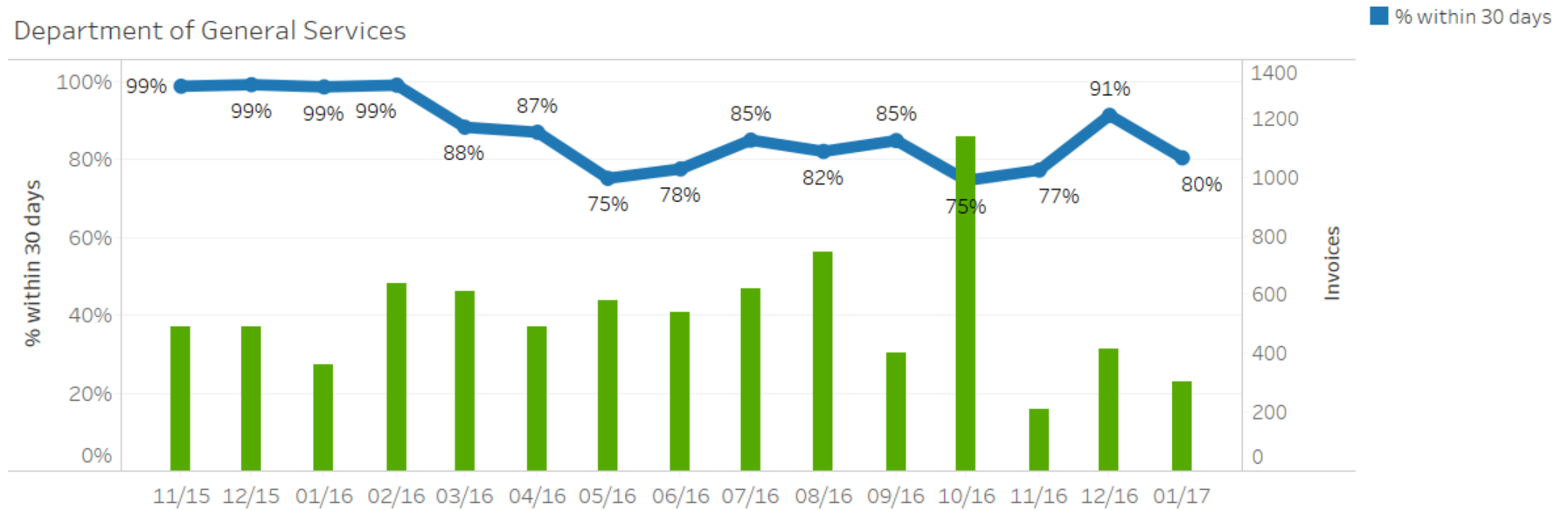- OCFO Approved to Payment
- Agency Receipt to Payment

Target: 30

**Includes all DM cluster agencies, OCFO, and OCA

QPA Compliance: % Paid Within 30 Days and Total Invoice Volume

Department of General Services

■ % within 30 days

Office of the Chief Technology Officer
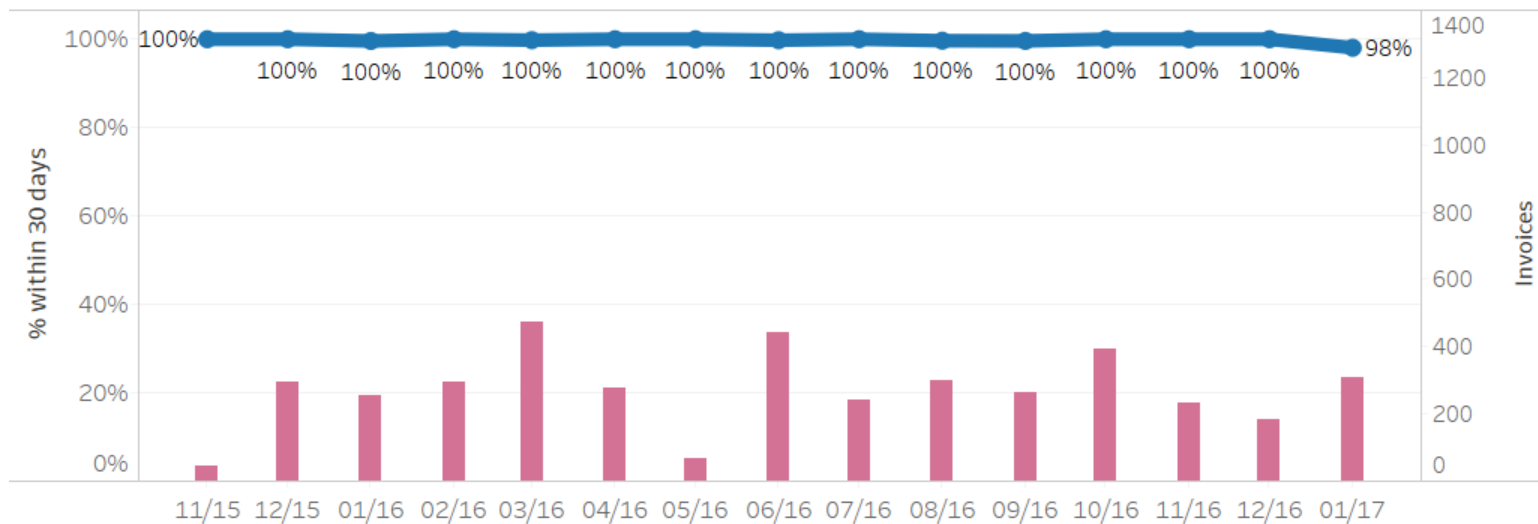
*Invoices are counted by a distinct count of current doc no
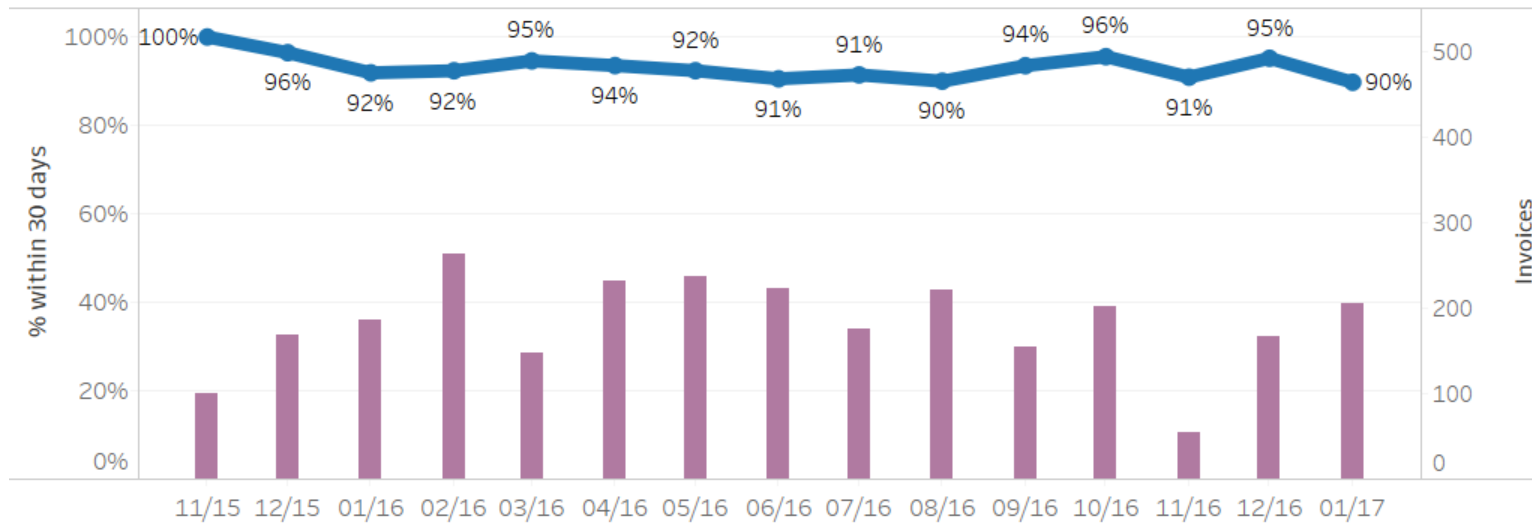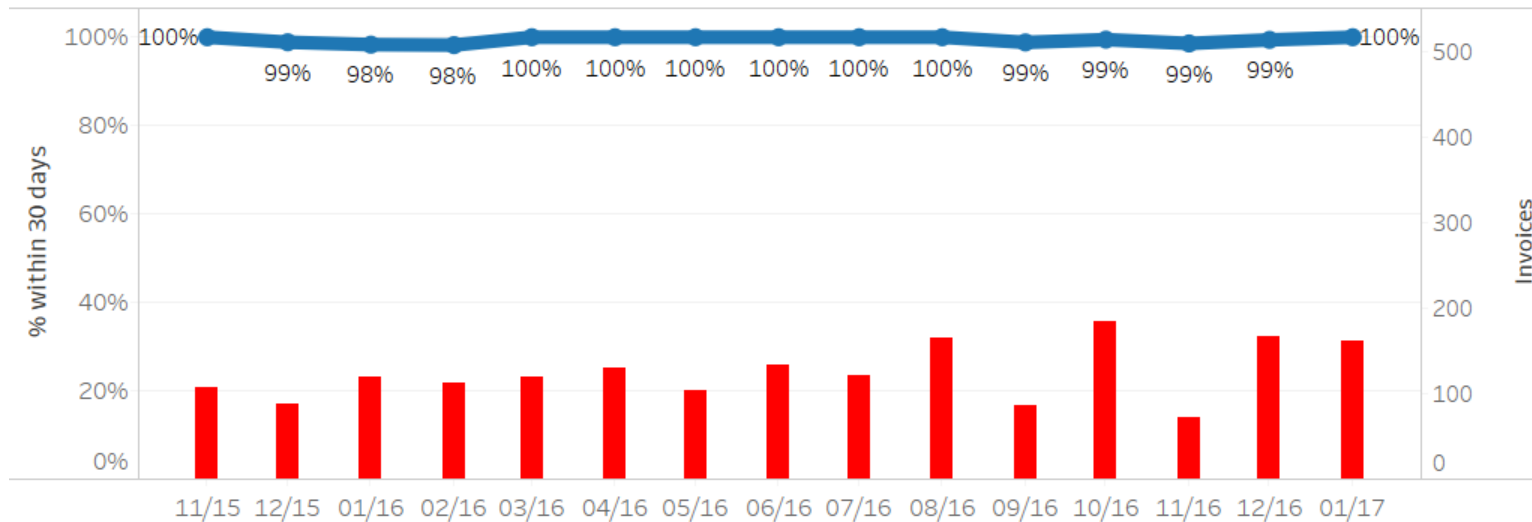**Direct vouchers and cancelled payments are excluded

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QPA Compliance: % Paid Within 30 Days and Total Invoice Volume

Office of the Chief Financial Officer

■ % within 30 days
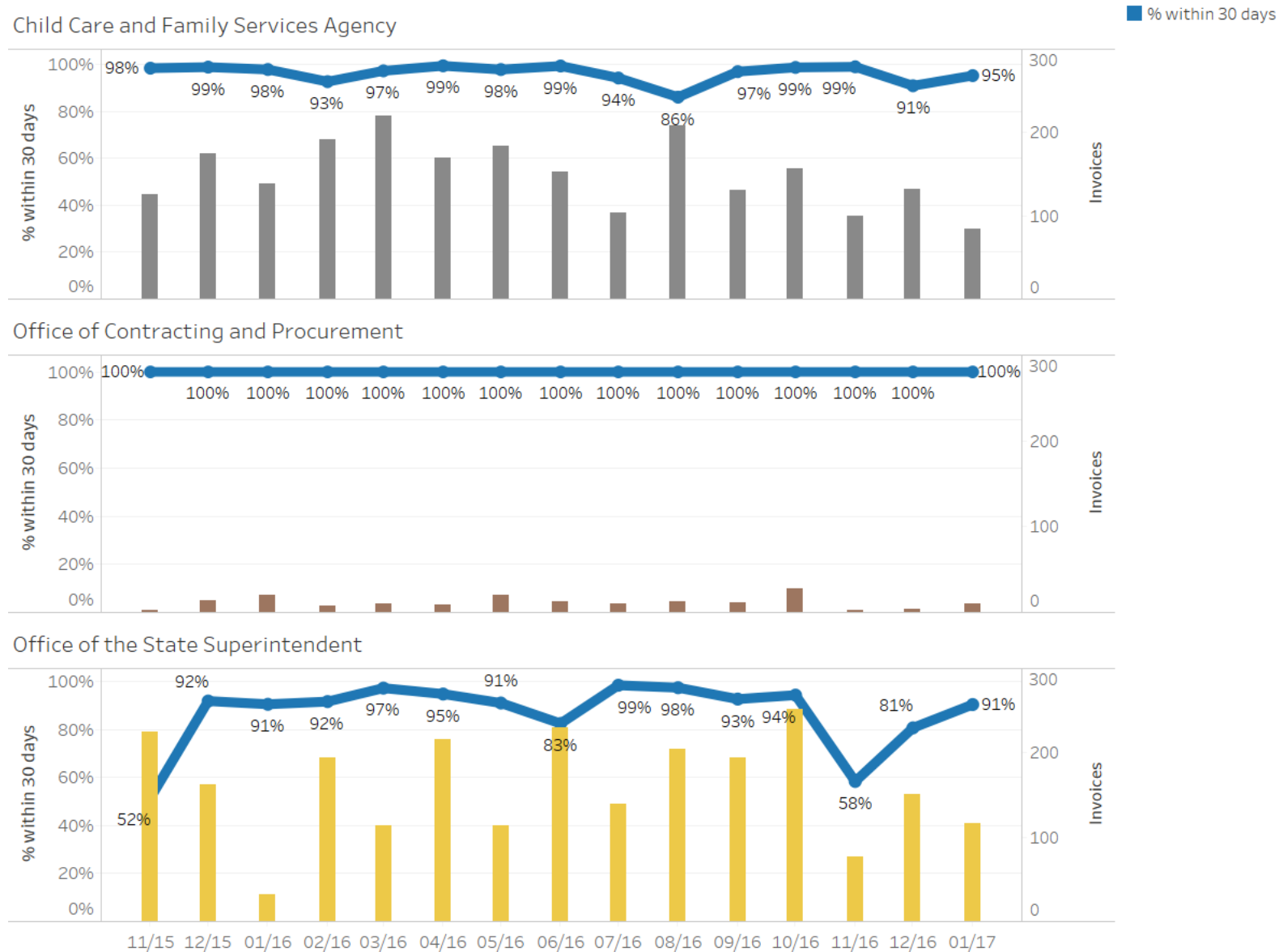

Department of Health Care Finance

*Invoices are counted by a distinct count of current doc no
**Direct vouchers and cancelled payments are excluded

Child Care and Family Services Agency

■ % within 30 days

Office of Contracting and Procurement
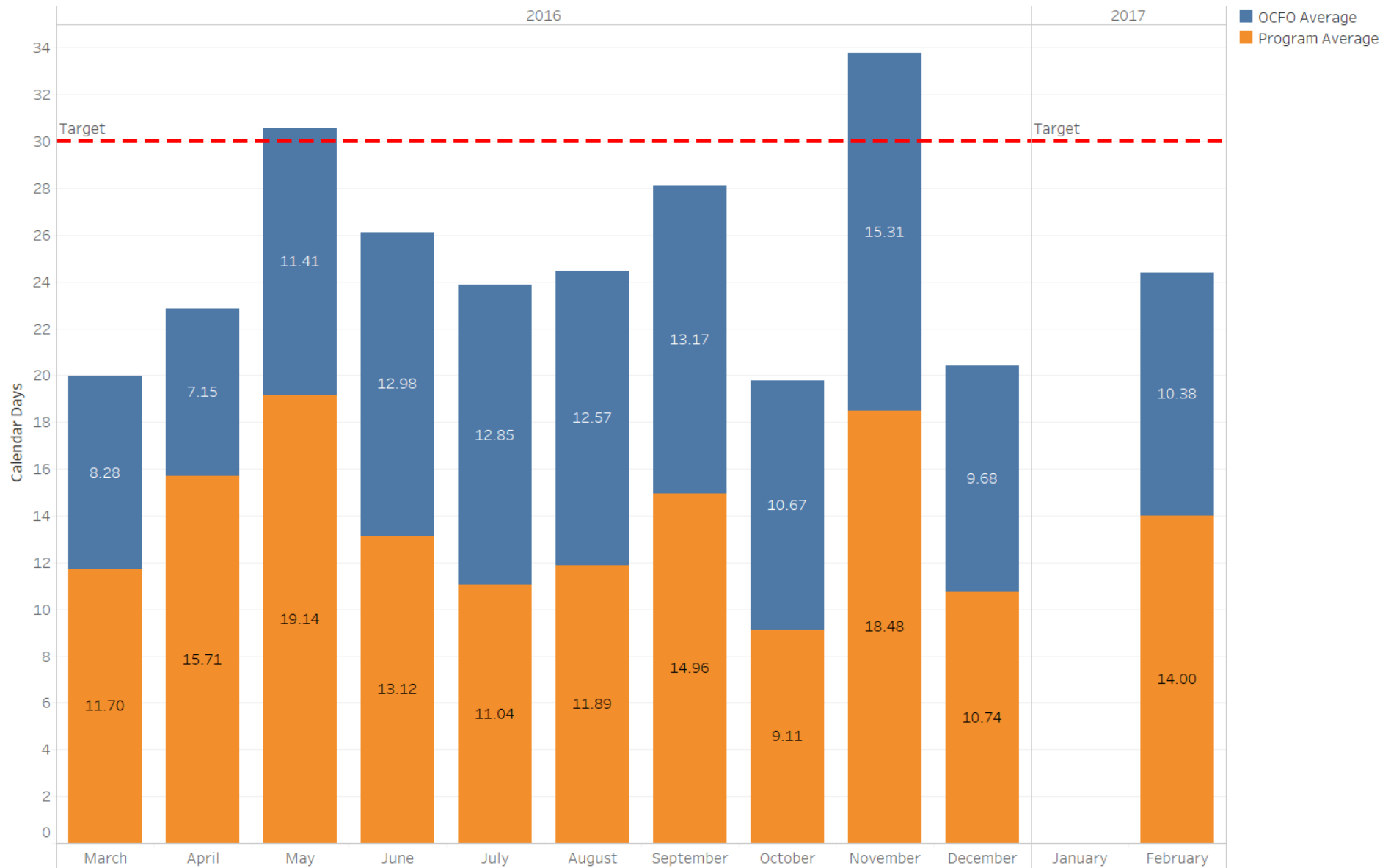
Office of the State Superintendent

*Invoices are counted by a distinct count of current doc no

**Direct vouchers and cancelled payments are excluded
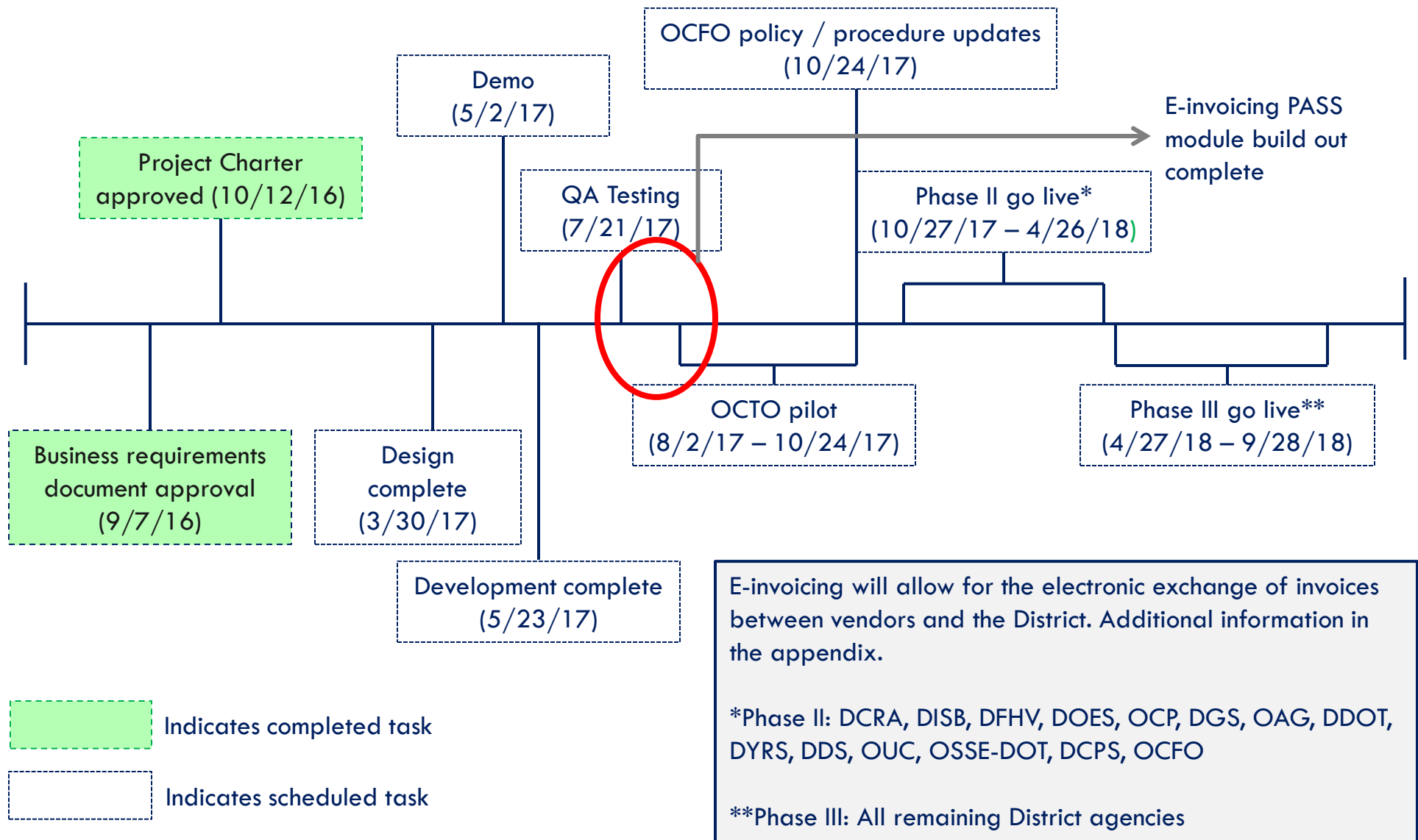
DGS Internal QPA Tracking (3/16-2/17)

*DGS internal tracking data; combination of SOAR and Accounts Payable log
**Appendix slide depicting the volume and percent of DGS invoices returned
***Due to data entry errors, January 2017 tracking data is unavailable

E-invoicing Project Timeline: Key Milestones

Project Charter approved (10/12/16)

Business requirements document approval (9/7/16)

Demo (5/2/17)

Design complete (3/30/17)

Development complete (5/23/17)

QA Testing (7/21/17)

OCTO pilot (8/2/17 – 10/24/17)

OCFO policy / procedure updates (10/24/17)

Phase II go live* (10/27/17 – 4/26/18)

Phase III go live** (4/27/18 – 9/28/18)

E-invoicing PASS module build out complete

Indicates completed task

Indicates scheduled task

E-invoicing will allow for the electronic exchange of invoices between vendors and the District. Additional information in the appendix.

*Phase II: DCRA, DISB, DFHV, DOES, OCP, DGS, OAG, DDOT, DYRS, DDS, OUC, OSSE-DOT, DCPS, OCFO

**Phase III: All remaining District agencies

Challenges

- Limited transparency into District-wide end to end invoice tracking and reporting data
    - Limited standardization, at the agency level, for tracking and reporting
    - Tracking that is currently done is not entirely automated
        - Combination of systems and manual logs
- Invoice submission date is manually input; missing visibility into when an invoice crosses the threshold to the District
- Unable to isolate agency program review and OCFO review time across the District
- Multiple entry points for invoice submission, e.g. OCFO, agency program, and multiple means for submission, e.g. email, online portal (DGS), hard copy
- Complexities and process challenges associated with receiving services vs. good (widgets)
- Lack of District-wide, standardized invoice processing nomenclature

Recommendations

1. Increased regular QPA data sharing between OCFO, OCA, and agencies

2. OCA participation in E-Invoicing project

3. Integration of QPA data into Mayor's Dashboard; stakeholders to determine appropriate measures to track

4. Adherence to District-wide service levels/review times for each step in the payment process; share w/stakeholders through training, guidance, etc.

5. Leverage technology:
   a) Implementation of E-invoicing PASS module; ensure module is adaptable to all agencies; increase OCTO/OCFO outreach to agency program staff
   b) Require electronic submission of invoices from vendors

6. Standardization of invoice processing nomenclature, definitions, etc.
   a) Develop culture through trainings, guidance, etc.

7. Boilerplate contract payment clauses to ensure vendors are properly submitting invoices

8. Updates to District's Contract Administrator course w/focus on CA's role in ensuring timely vendor payment

Appendix

QPA Requirements

The Basics:

The QPA requires payment of vendors for goods and services within 30 days of the receipt of a <u>proper invoice</u> by the <u>designated payment officer</u>

OR

The District is subject to a 1% per month interest penalty
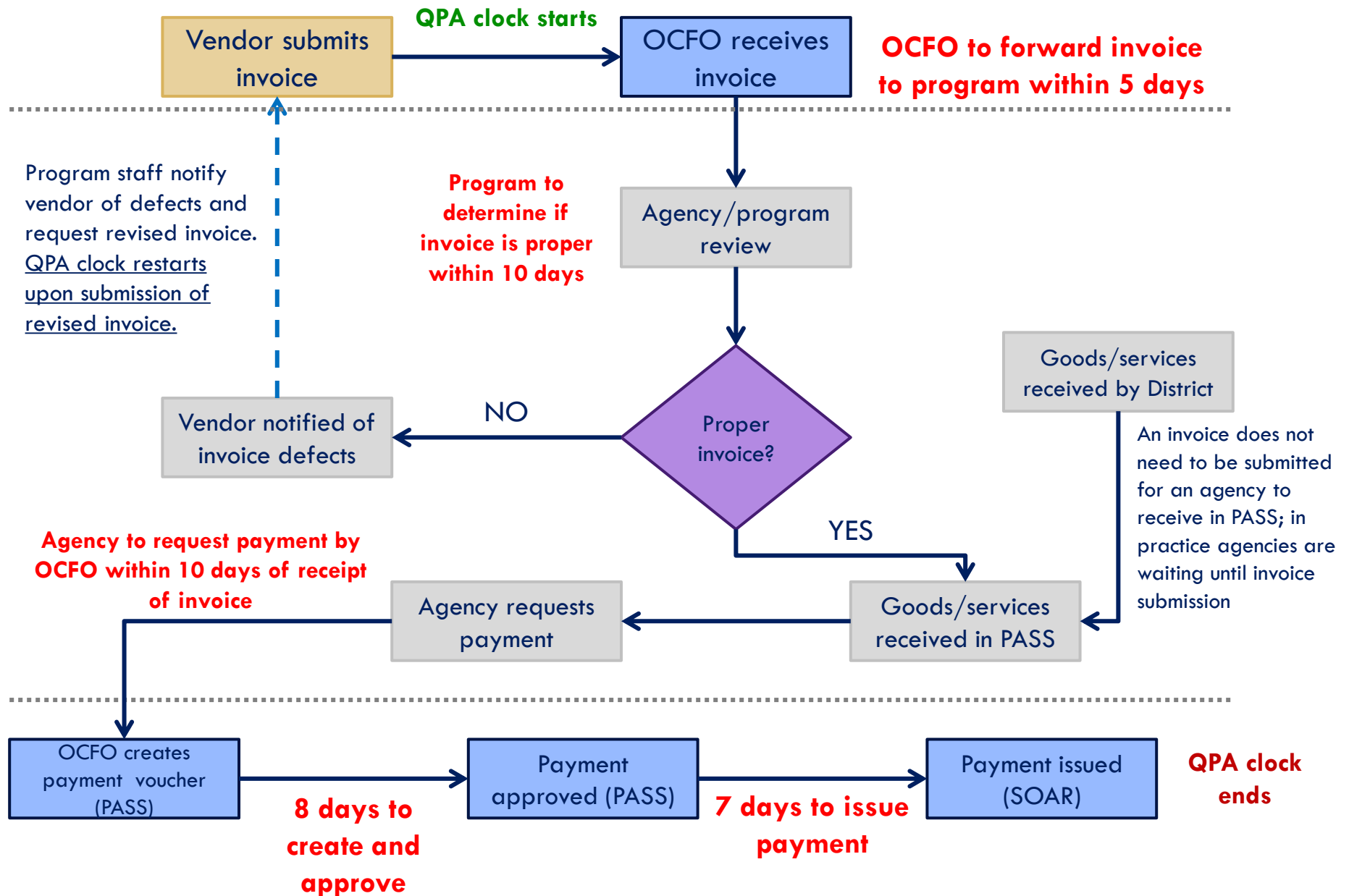
More Details:

- **"Proper invoice"** means an invoice which contains or is accompanied by substantiating documentation required by regulation or contract

- **"Designated payment officer"** is agency/program staff responsible for: 1. Determining whether invoice is proper and, 2. Notifying a business (in writing) of invoice defects; must occur within 15 days after invoice receipt

Importance of 3-way Matching Principle

- Match of valid purchase order, agency program receipt of good or services, and vendor invoice

Detailed Vendor Payment Process

Vendor submits invoice

QPA clock starts

OCFO receives invoice

OCFO to forward invoice to program within 5 days

Program staff notify vendor of defects and request revised invoice. QPA clock restarts upon submission of revised invoice.

Program to determine if invoice is proper within 10 days

Agency/program review

Goods/services received by District

Vendor notified of invoice defects

NO

Proper invoice?

An invoice does not need to be submitted for an agency to receive in PASS; in practice agencies are waiting until invoice submission

Agency to request payment by OCFO within 10 days of receipt of invoice

Agency requests payment

YES

Goods/services received in PASS

OCFO creates payment voucher (PASS)

8 days to create and approve

Payment approved (PASS)

7 days to issue payment

Payment issued (SOAR)

QPA clock ends

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Executive Office of Mayor Muriel Bowser

What is E-invoicing? Key Features? Benefits?

- E-invoicing will allow for the electronic exchange of invoices between vendors and the District

- Keys features of PASS module:
    1. Public facing invoice submission portal
    2. Processing time dashboards, including automated reminders for users to address items pending their review
    3. Customizable approval workflows (agency and program level)
    4. Public facing payment information; will allow vendors to view their business history w/the District

- Benefits:
    1. Streamlined invoicing processes
        a) Automated 3-way match
        b) Staff and vendors will be able to easily locate and track an invoice through the entire payment process
    2. QPA monitoring and compliance
    3. Reporting functionality

- Note, vendors will need to be established in PASS to leverage the new module

- EASI Pay system launched in Oct. '15
- Full population of vendors in April '16
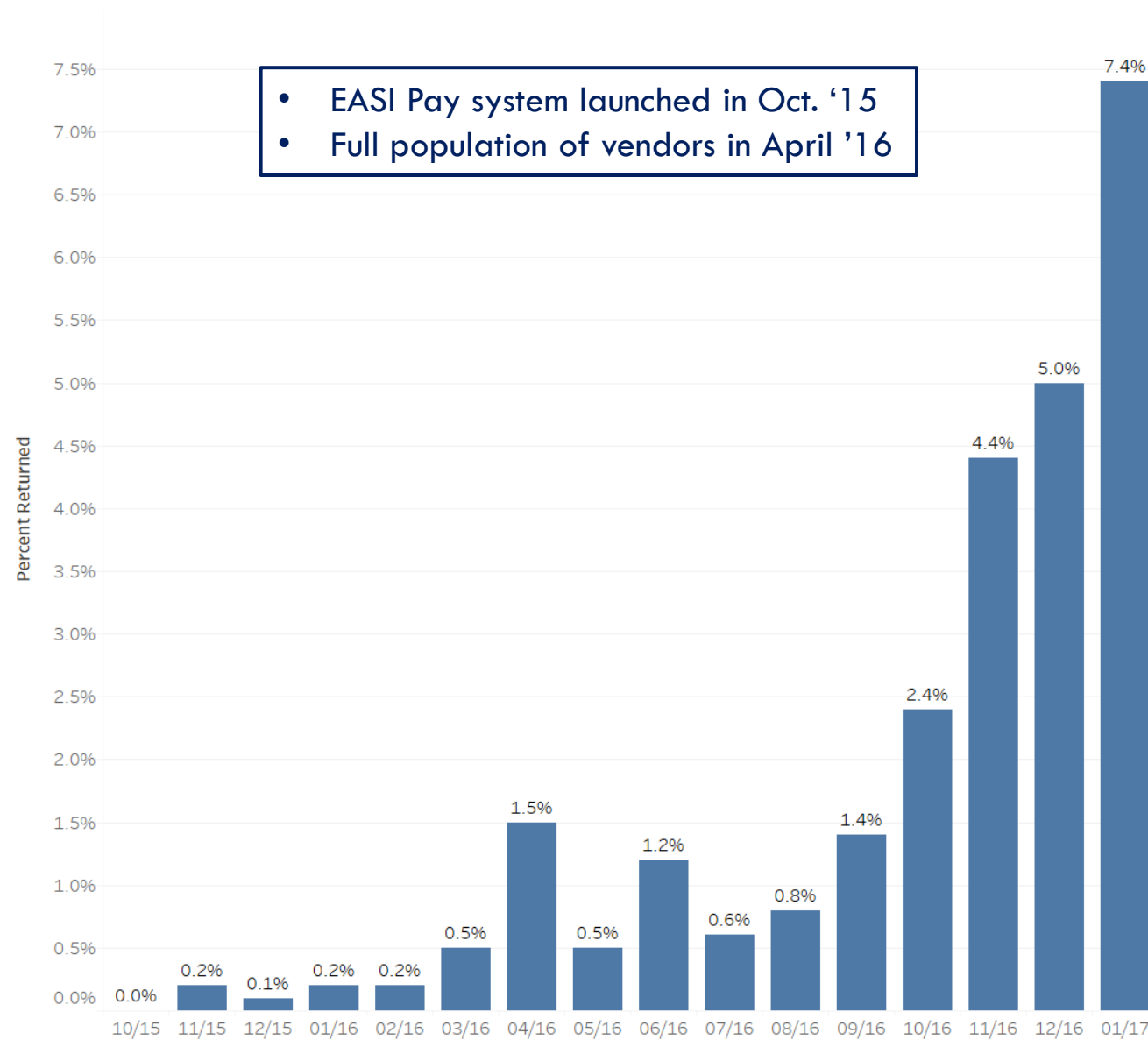
*DGS EASI pay data

DHCF: Medicaid Claims

Percent of Claims Paid Within 30 Days
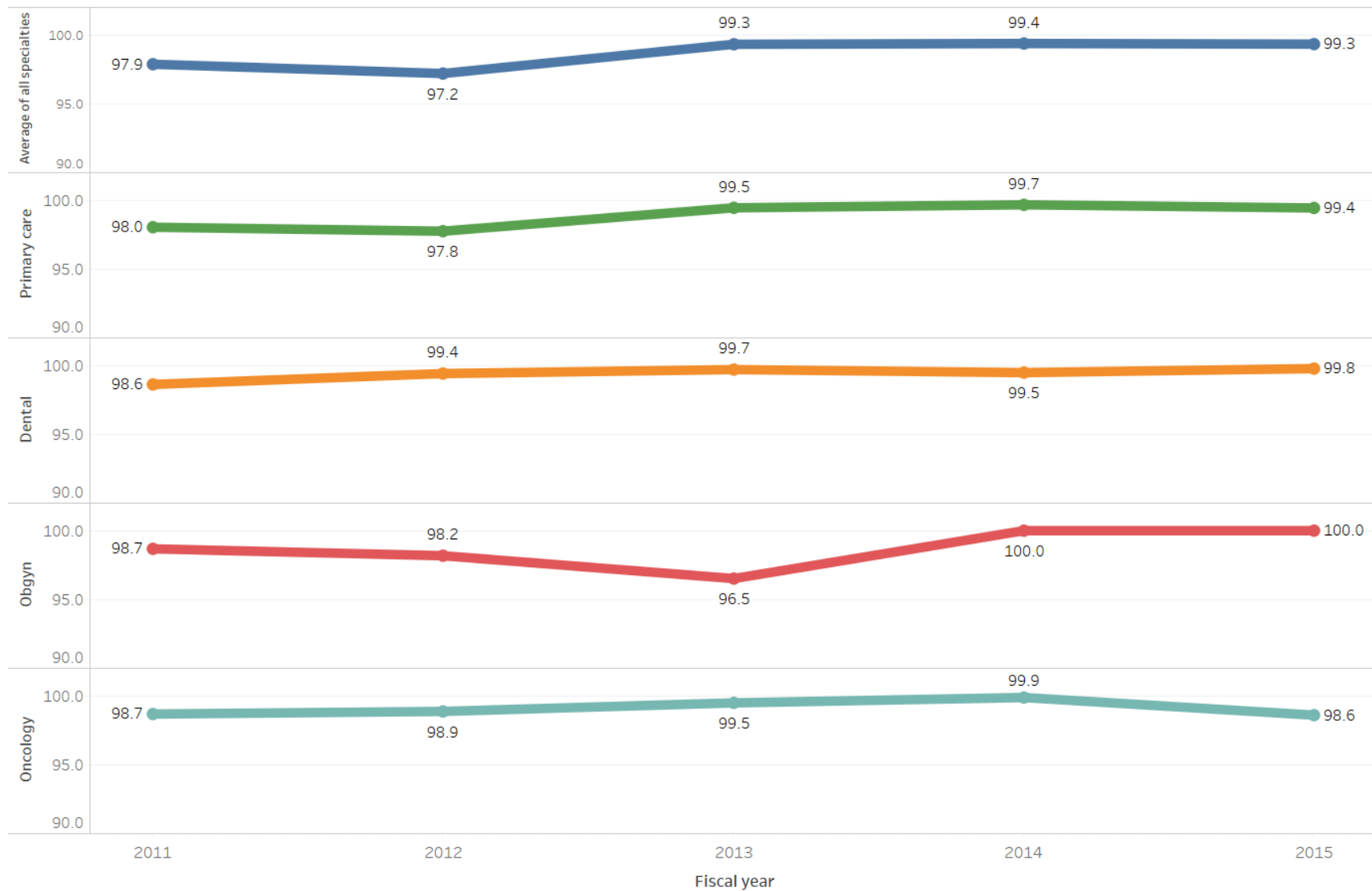
*Data is from DHCF MMIS system
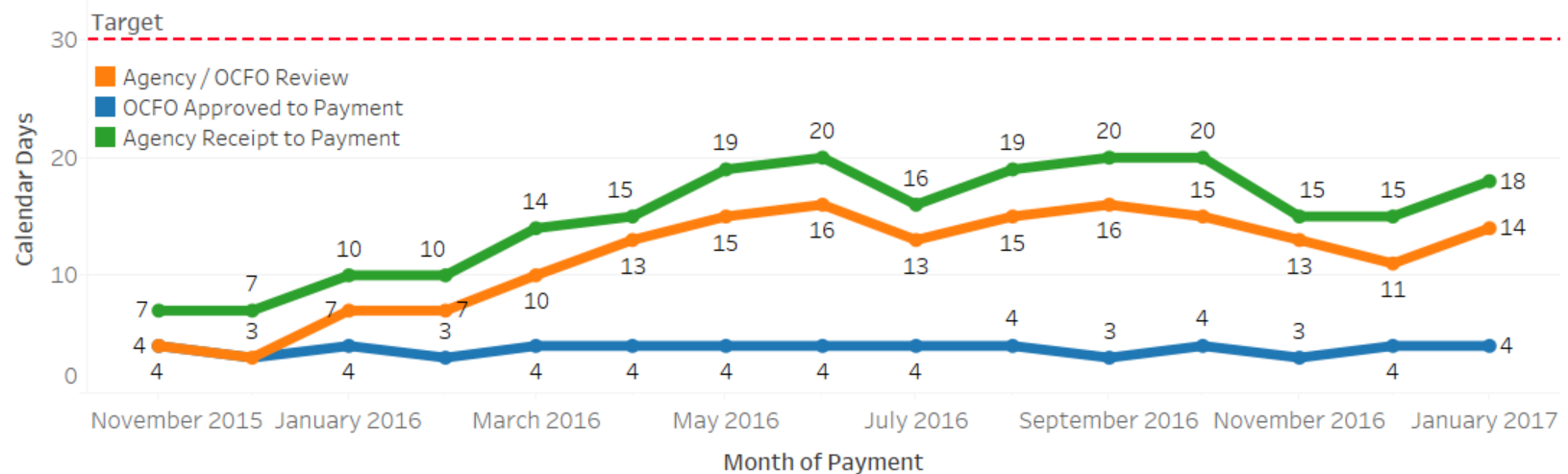
**14 specialties are included in All Specialties category

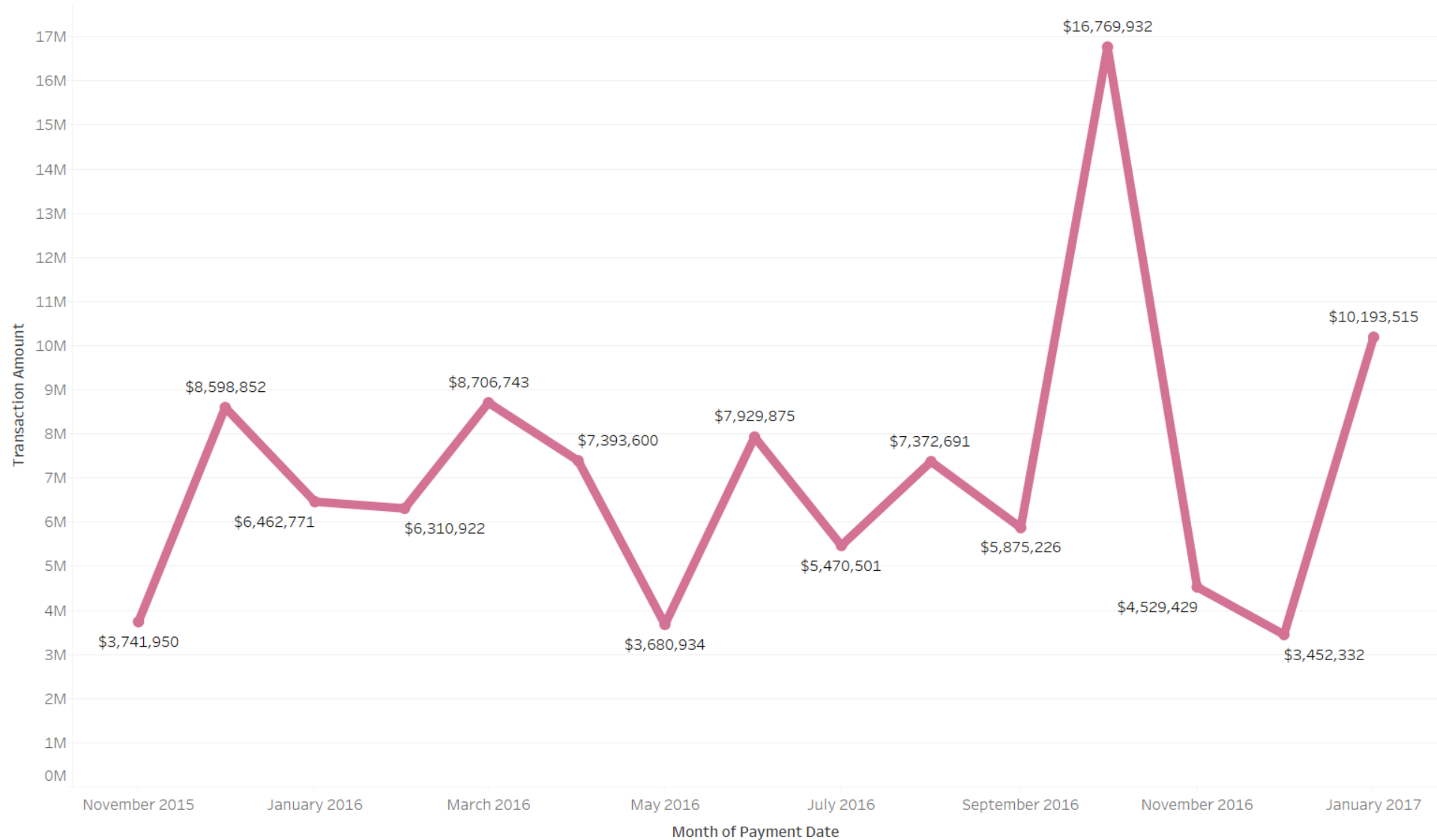# DGS Detail: Transaction Amount; Days to Pay

Transaction Amount

Median Days to Payment

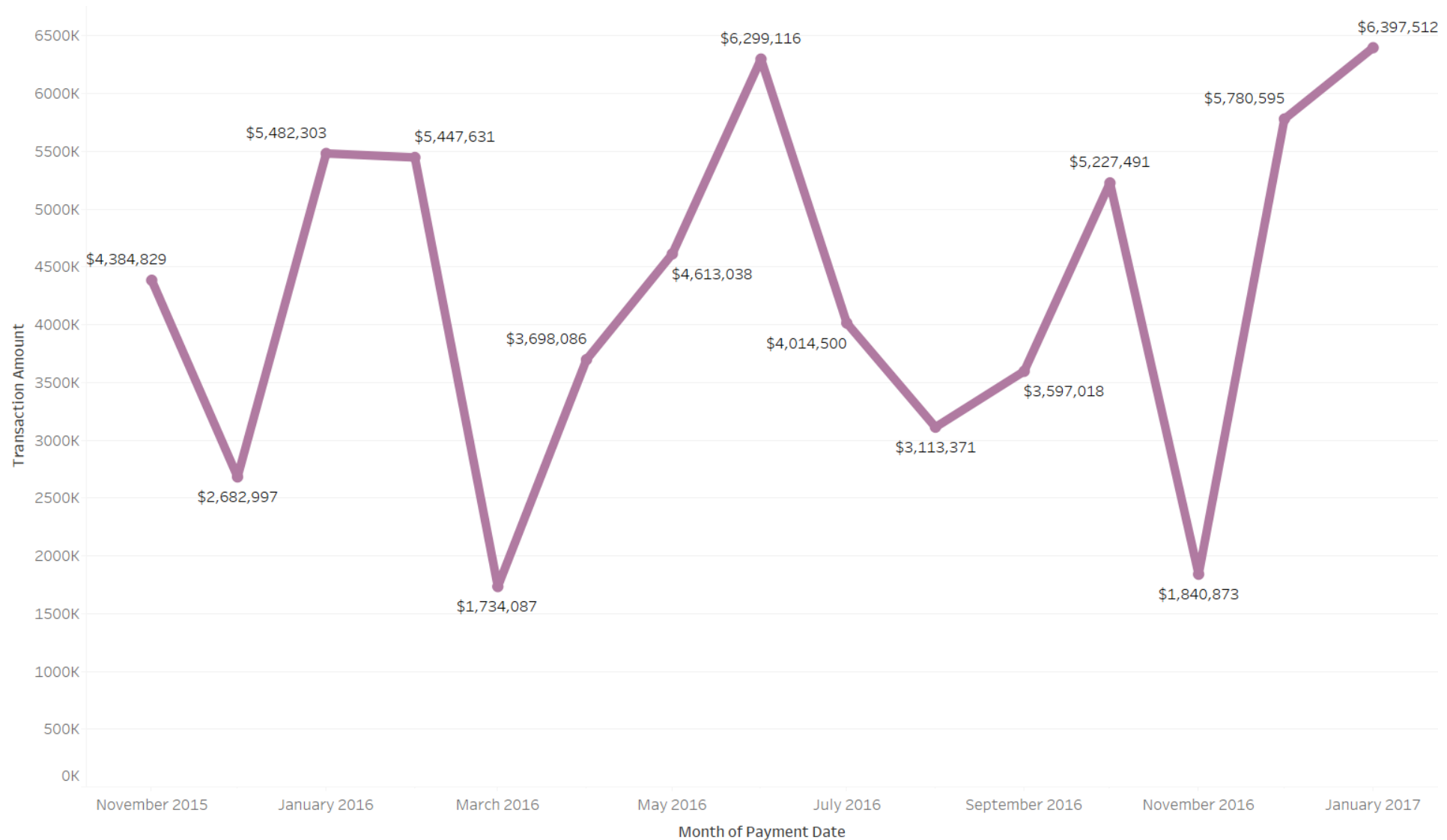*Direct vouchers and cancelled payments are excluded

OCTO: Transaction Amount
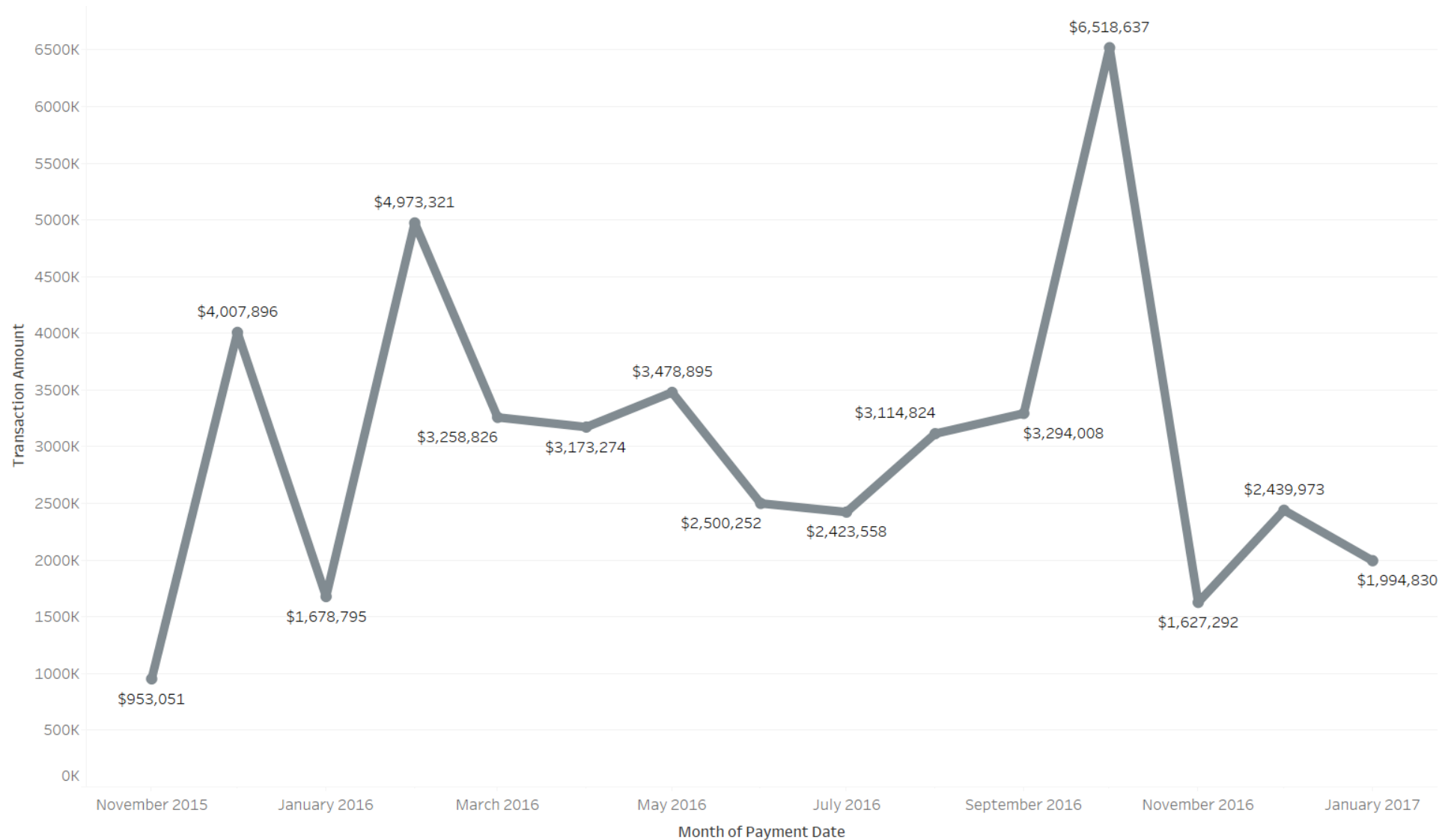

**Direct vouchers and cancelled payments are excluded

OCFO: Transaction Amount

**Direct vouchers and cancelled payments are excluded
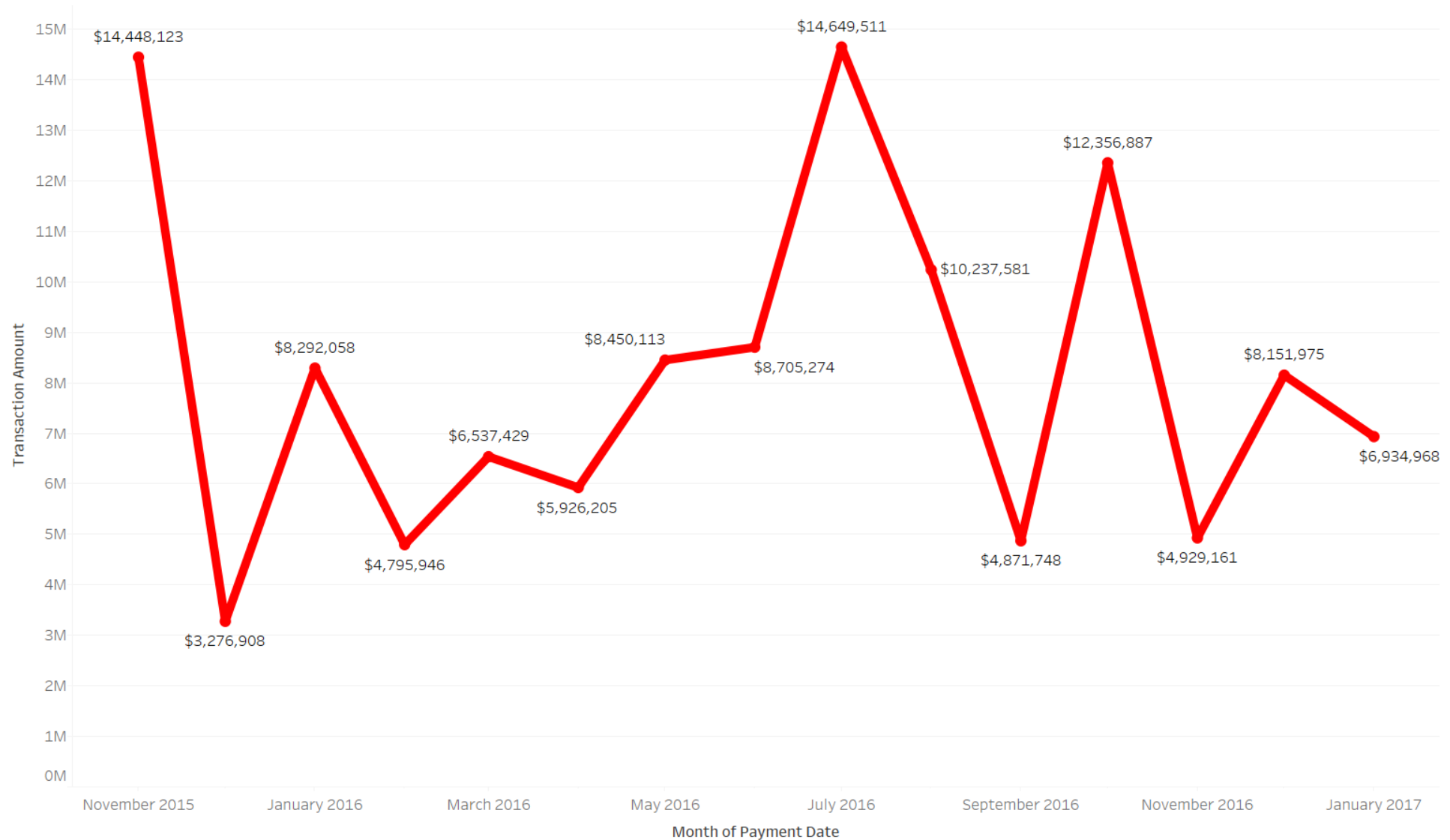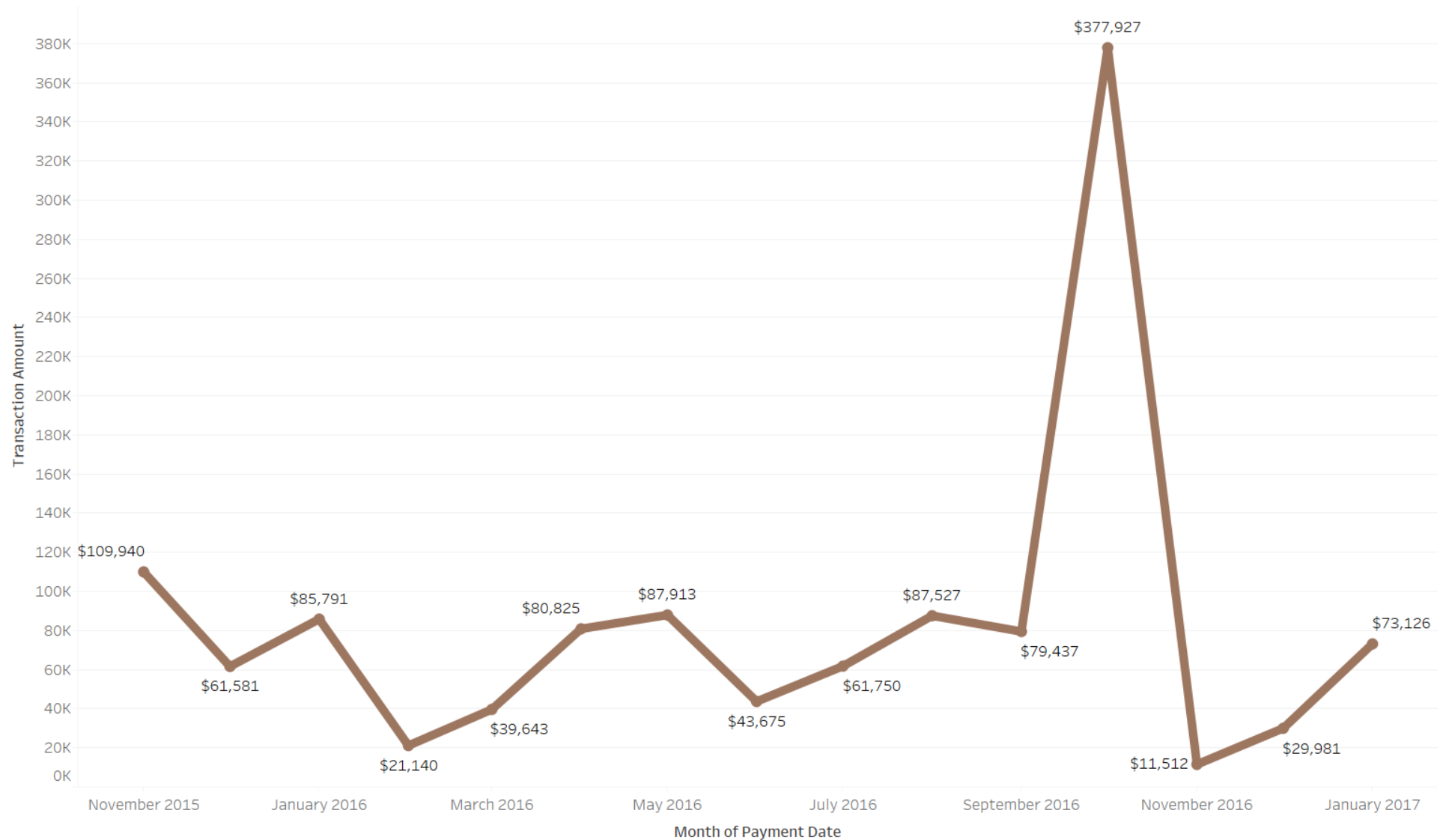
CFSA: Transaction Amount

Month of Payment Date

Transaction Amount

- $953,051
- $4,007,896
- $1,678,795
- $4,973,321
- $3,258,826
- $3,173,274
- $3,478,895
- $2,500,252
- $2,423,558
- $3,114,824
- $3,294,008
- $6,518,637
- $1,627,292
- $2,439,973
- $1,994,830

**Direct vouchers and cancelled payments are excluded

DHCF: Transaction Amount

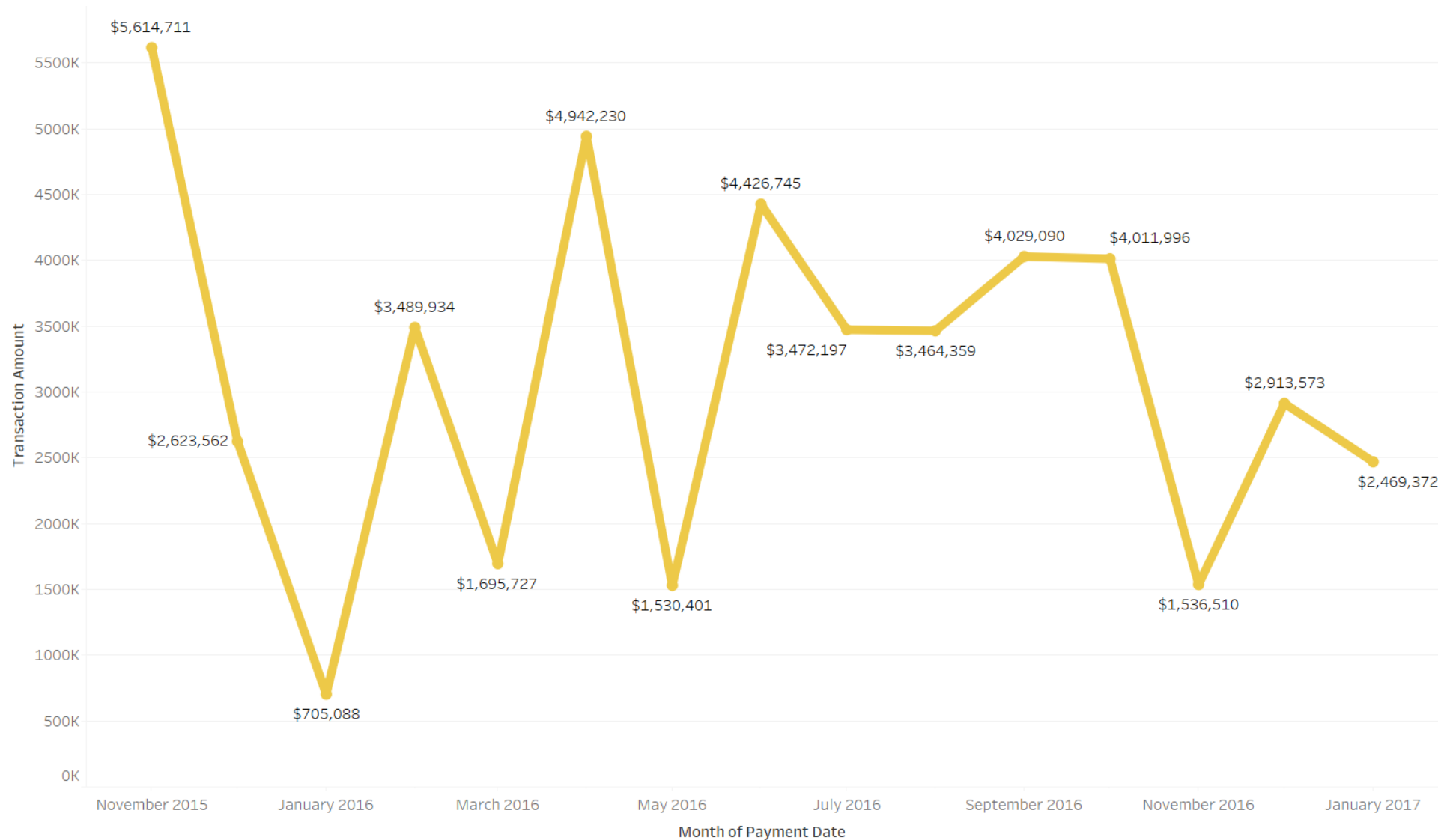

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